



Rural Water Financing Agency

Financing Alternatives for Utilities & Governmental Borrowers

October 1, 2025

RAYMOND JAMES



Our Mission: The SWPA Municipal Project Hub helps municipalities and development-focused nonprofits conceptualize, fund, and implement projects that support coordinated, equitable, sustainable economic development.

Our Vision: We envision a climate resilient, fiscally healthy southwestern Pennsylvania where all communities can grow and thrive.

Our Service Area: We serve the 12-county SWPA region, including an official expansion into Cambria and Somerset counties

Learn more about our [no-cost technical assistance at swpahub.org](https://swpahub.org)

Meet the Speakers



Mike McCaig
Managing Director, Raymond James



Nichole Sipos
Borough Manager, Indiana Borough

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Section 1

OVERVIEW OF RURAL WATER FINANCING AGENCY

The Rural Water Financing Agency is a public agency designed to allow borrowers of the Agency to join together for the purposes of financing projects on a pooled basis.

The Agency can lend to governmental entity borrowers in all 50 states.

RuralWaterFinance.com

Interim Program



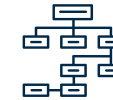
Construction financing with a USDA takeout



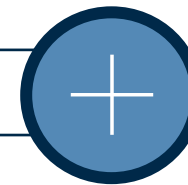
Fixed rate for the term of construction



Streamlined and efficient



All costs included in the loan rate



Flex Term Program



AA- rated, no DSRF requirement



Variety of project types and uses



Fixed rate, 1-30 years



Funding in 60-120 days

Rural Water Financing Agency

Program Case Studies

\$1,115,000,000

Rural Water Financing Agency
Interim Program
1995 – Present

500+ loans
MIG-1 rated Program

\$775,000,000

Rural Water Financing Agency
Flex-Term Program
2001 – Present

330+ loans
AA- rated Program

A Rural Water Partner

The Agency is headquartered in Bowling Green, KY and has partnership agreements in place with 19 state rural water associations

Gary Larimore is President/CEO of RWFA and the former Executive Director of KRWA



Rural Water Financing Agency

Finance Team



RURAL WATER
FINANCING AGENCY

Issuer of Debt
Program Oversight
Approvals



BORROWER MA &
BOND COUNSEL

Counsel prepares legal documents and guides Borrower through the approval process

Advisor guides Borrower on terms, structure, etc.



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Program management, financials & cashflows, CDU

Underwriter (Interim)

Municipal Advisor (Flex)

Rating presentations

Borrower & Investor coordination

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RUBIN & HAYS

RWFA Bond Counsel

Provide tax-exempt opinion

Draft legal docs

Review underlying loans



REGIONS BANK

RWFA Trustee

Debt service payments

Loan disbursements

Loan payoffs



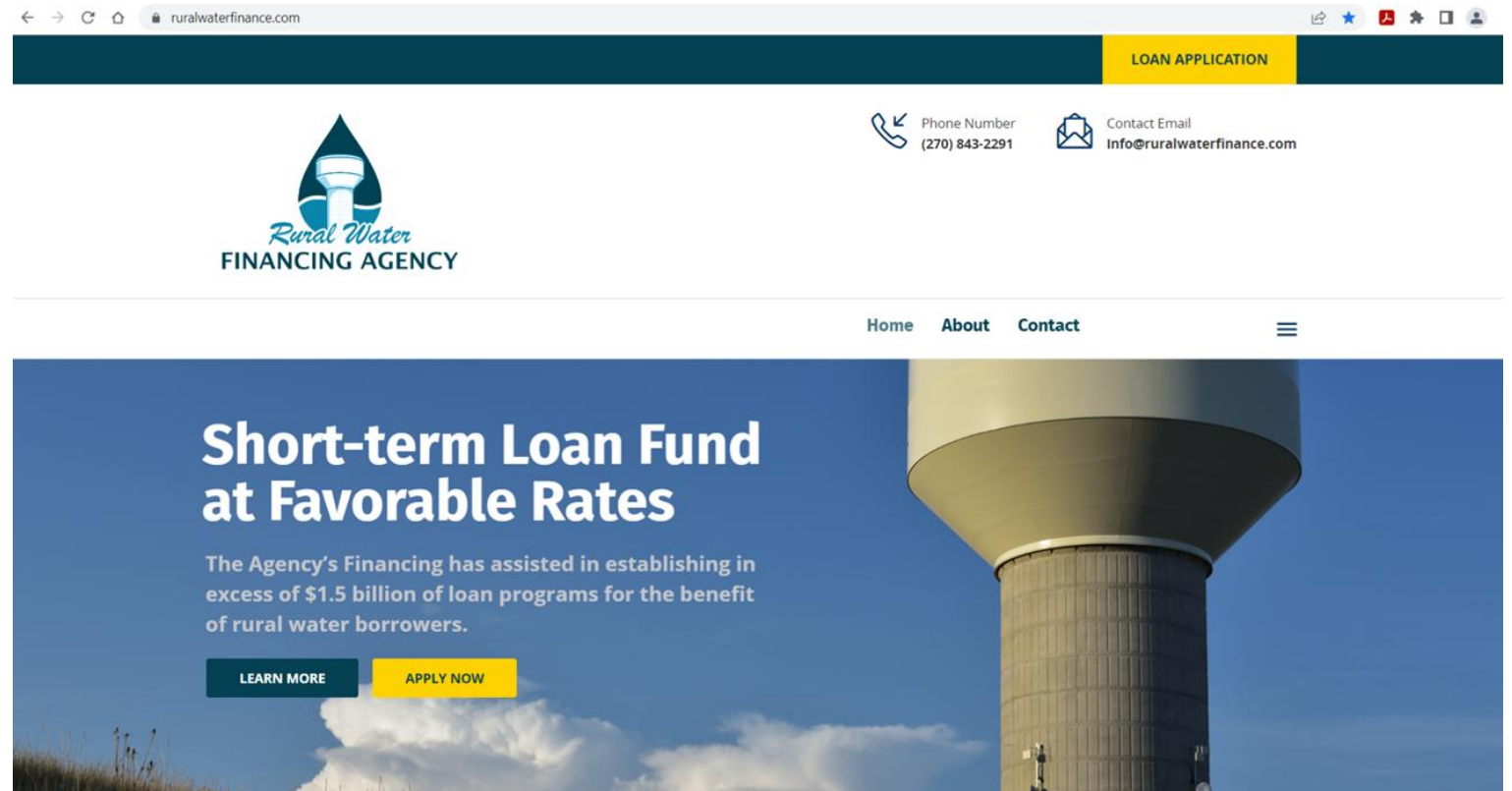
Submit an application at
RuralWaterFinance.com

Interim Program:

- ✓ Finance team contact info
- ✓ USDA Letter of Conditions
- ✓ Latest audit

Flex Term Program:

- ✓ Finance team contact info
- ✓ Operating information
- ✓ Last three audits



Section 2

FLEX TERM PROGRAM

Flex Term Program

Borrower & Project Eligibility

Eligible Borrowers

Public Agencies (non-profits are not eligible), regardless of population

- **Revenue** supported: have and maintain a 1.20x debt service coverage ratio (rate and tax increases can be taken into consideration in the analysis)
- **General Obligation** supported: analysis of the governmental entity

Eligible Projects

Any governmental-type project

- Utilities, City, County, Special District, Schools, etc.
- Cannot fund electric-only or gas-only projects

Projects are not subject to Davis Bacon, BABAA, American Iron and Steel

Flex Term Program: Purposes & Benefits



QUICK ACCESS TO FLEXIBLE TERMS

- 1-30 Year Maturity
- Fixed Rate
- Amortization options
- Access to funds in approximately 60-120 days
- Anticipated market issuances of 4-5 times per year

HIGHLY RATED

- AA- rated by S&P
- As of 9/22/25, the average true interest cost is estimated at:
 - **3.91% (15 Year)**
 - **4.74% (30 Year)**
- The interest rate is locked in on the day the Program Bonds are sold
- Costs of issuance vary by size of borrower; a detailed estimate is available upon request

RESERVE BENEFIT

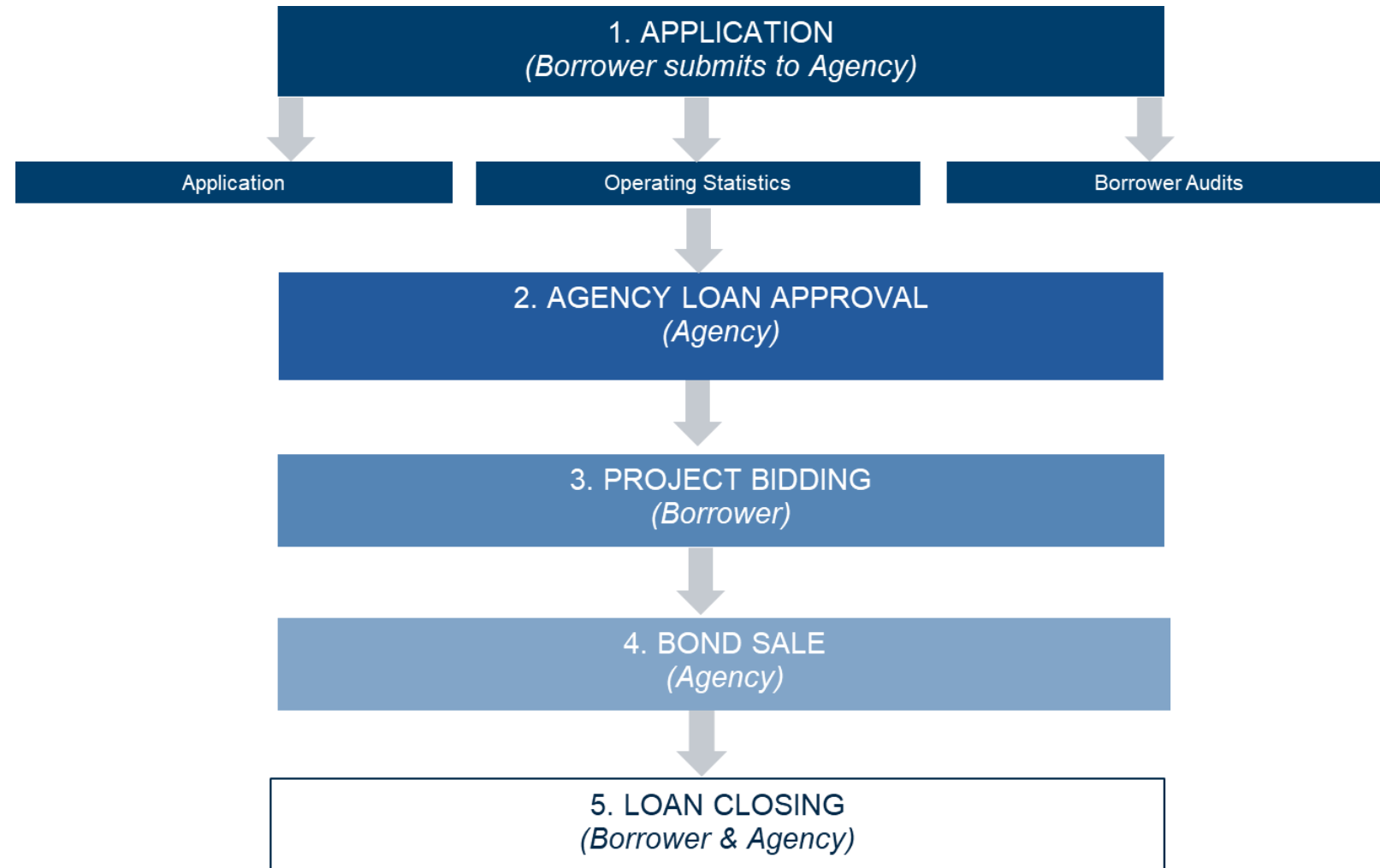
- No reserve fund requirement for Borrower
- Borrower has access to RWFA Program Reserve (approx. \$33M)

VARIETY OF PROJECT TYPES

- Acquisition, construction, improvement
- Refinancing
- Interim funding prior to USDA takeout letter
- Match funding & cost overruns
- No minimum size, \$30M maximum

Flex Term Program: Typical Process

Streamlined & Efficient



Rural Water Financing Agency Series 2025 C



\$53,885,000

Rural Water Financing Agency
Flex Term Loans to 17 borrowers

Sale Date: June 10, 2025
Closing Date: June 30, 2025

Contacts

Mike McCaig

Raymond James // 866.754.3589

Nick Roederer

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Scott Young / Gary Larimore

KRWA / RWFA // 270.843.2291

Background

- The Series 2025 C Bonds were issued to fund loans to 17 borrowers for various projects, as well as to fund additional program debt service reserve funds.
- Borrowers were from Kentucky, Pennsylvania, Missouri, Utah, Arkansas, Texas, Indiana and Kansas.
- The sizes of the loans ranged from \$490,000 to \$9,210,000, and maturities varied from 5-30 years.
- This was a competitive bid transaction and four underwriters placed bids.
- The True Interest Costs on the loans ranged from 3.81% to 5.19% (depending on the maturity).
- **Specific to Pennsylvania, the Series 2025 C Issuance was RWFA's first loans in its history in Pennsylvania. Loans were made to the City of Aliquippa, Borough of Ashland, Mahanoy City Sewer Authority, Borough of Midland, the Municipal Authority of the Borough of Midland for a variety of projects including water and sewer line improvements, fire truck acquisitions, and general municipal and authority capital projects.**

Successful outcome

- This Flex Term Program bond issue, rated AA-, funded a variety of projects including water system improvements, sewer system improvements, new water meters, a solar project, a new library, city projects (fire trucks, street improvements, city building improvements), land purchase, and refinancing.
- None of the borrowers in this 2025C Series had bond ratings and they were able to benefit from the AA- rating of the Flex Term Program and the lack of a borrower reserve fund requirement.
- All borrowers and their advisors were pleased with the outcome and were kept abreast of estimated interest rates and the potential effect on their debt service on a weekly basis leading up to the bond sale.

Rural Water Financing Agency Series 2025 E



\$42,505,000

Rural Water Financing Agency
Flex Term Loans to 8 borrowers

Sale Date: September 9, 2025
Closing Date: September 30, 2025

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Background

- The Series 2025 E Bonds were issued to fund loans to 8 borrowers for various projects, as well as to fund additional program debt service reserve funds.
- Borrowers were from Arkansas, Kansas, Kentucky, Louisiana, Missouri, Oklahoma and Pennsylvania.
- The sizes of the loans ranged from \$335,000 to \$27,425,000, and maturities varied from 4-30 years.
- This was a competitively bid transaction and 6 underwriters placed bids.
- The True Interest Costs on the loans ranged from 2.59% to 4.76% (depending on the maturity).
- **In Pennsylvania, Indiana Borough borrowed \$1,190,000 to finance a solar project at its wastewater treatment plant. This project is projected to save the Borough a net \$750,000 in energy costs over the next 30 years. Indiana Borough is the 6th Pennsylvania issuer to borrow from RWFA in 2025.**

Successful outcome

- This Flex Term Program bond issue, rated AA-, funded a variety of projects including water system improvements, sewer system improvements, new water and stormwater lines, new water meters, upgrading water pumps, solar panels for sewer treatment plant, rural health clinic, and an event center.
- None of the borrowers in this 2025E Series had bond ratings and they were able to benefit from the AA- rating of the Flex Term Program and the lack of a borrower reserve fund requirement.
- All borrowers and their advisors were pleased with the outcome and were kept abreast of estimated interest rates and the potential effect on their debt service on a weekly basis leading up to the bond sale.

Rural Water Financing Agency Series 2025 E



\$1,190,000

Borough of Indiana
(Indiana County, Pennsylvania)
General Obligation Bonds

Sale Date: September 9, 2025
Closing Date: September 30, 2025

Contacts

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Nicole Sipos

Borough of Indiana // 724.465.6691

Background

- The Borough of Indiana, Pennsylvania (the “Borough”) determined that it wanted to build a 0.583 MW, “behind the meter” solar facility to reduce its electricity expenses at its wastewater facility.
- The cost of the system was just over \$1,138,000.
- Indiana Borough chose to own the facility because of the benefits under the “Inflation Reduction Act”.
- The Borough also wanted to take advantage of the incentives from the “Inflation Reduction Act” which ultimately provided for Investment Tax Credits back to the Borough for roughly 50% of eligible costs.
- The desired structure was to have a borrowing that allowed for principal paydown when the Borough received its Tax Credits from the Federal Government. These dollars come to the Borough upon completion of the project.

Successful outcome

- The Borough successfully closed on the \$1,190,000 financing on September 30, 2025.
- The term of the loan is 25-years.
- The True Interest Costs on the loan was 4.45%, fixed for the entire rate term.
- The Borough has the option to prepay the loan, without penalty, anytime after 10-years.

Key Benefits of Using the Program

- VERY easy application process- especially compared to other financing options like PennVest, USDA, bond issues and bank loans.
- Ability to access the debt capital markets, for a relatively small project, at good rates and 25-year amortization
- Capability to structure repayment schedule to perfectly match cashflows from the project.
- Financing is consistent with the Borough Code, DCED and PA Local Unit Government Debt Act.
- **This project is estimated to save the Borough a Net \$750,000 in electricity costs over the next 30-years.**

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Section 3

INTERIM PROGRAM

Purposes & Benefits



COMPETITIVE RATES

- Est. 2-year rate: 4.25%
- Est. investment rate: 4.18%
- Includes all RWFA costs (underwriting, RWFA bond counsel, rating, etc.)
- Fixed rate for the term of debt (12-30 mo. avg)
- Average cost on closed loans: **1.97%**

ECONOMIES OF SCALE

- Standardized and consistent loan process
- Benefits to borrowers, counsels, advisors, USDA and others

APPEALING TERMS

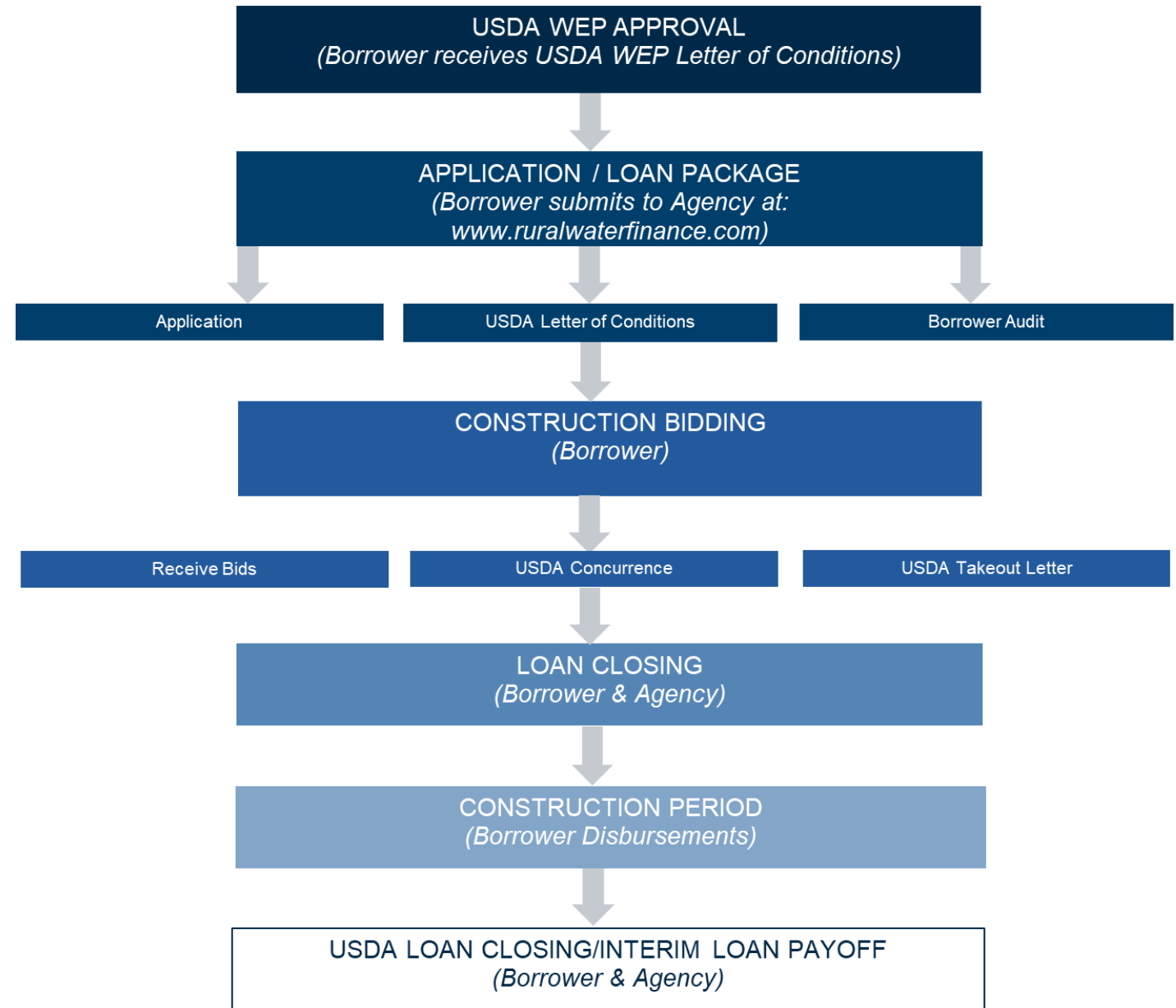
- No minimum, No maximum loan amount
- Interest is capitalized from loan proceeds, borrower does not pay interest from operations
- Prepayable without penalty after 6-9 months
- USDA oversight ensures their takeout

MEETS REGULATIONS / CASHFLOW BENEFIT

- Meets USDA regulations – USDA requires interim financing
- Serves as an interest rate hedge for USDA projects
- Borrower can defer principal

Interim Program: Process

Streamlined & Efficient





Questions?

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